

**TOWN OF FOUNTAIN HILLS
MINUTES OF THE WORK STUDY SESSION OF THE
FOUNTAIN HILLS TOWN COUNCIL
April 14, 2009**

AGENDA ITEM #1 – CALL TO ORDER AND ROLL CALL

Mayor Schlum called the meeting to order at 5:34 p.m.

ROLL CALL – Present for roll call were the following members of the Fountain Hills Town Council: Vice Mayor Archambault, Councilmember Hansen, Councilmember Contino, Councilmember Leger, Councilmember Dickey and Mayor Schlum. Town Manager Rick Davis, Town Attorney Andrew McGuire and Recording Secretary Shaunna Williams were also present.

AGENDA ITEM #2 – DISCUSSION REGARDING THE MASTER SUBSCRIPTION WITH RURAL METRO FOR PROVIDING AMBULANCE SERVICE TO FOUNTAIN HILLS RESIDENTS.

Town Manager Rick Davis addressed the Council relative to this agenda item and said that he believes that most of the Council has received some information that was submitted by Rural Metro regarding their experience with the Master Subscription. He stated that this evening he wanted to discuss some of the options that came out of the joint meeting with Rural Metro. He added that he wanted to get a clear idea as to what direction the Council would like staff to proceed in.

Mr. Davis reported that the Town currently spends approximately \$50,000 a year to provide a Subscription for all of the Town's citizens that pays for the difference between what a person's insurance company will pay for an ambulance ride and what the actual cost of the ambulance ride is. He noted that various scenarios were illustrated in the information provided by Rural Metro and he reported that he was able to determine in a best case scenario the Town probably realizes in the neighborhood of \$39,000 (maximum) in benefits as a result of this program (if you assume that all of the people who have benefitted from this program were actually Medicare-related patients).

Mr. Davis said that there are a few options to the Master Subscription that currently the contract that the Council will consider from Rural Metro (the Fire contract) does not contain (any stipulations or provisions relative to the Master Subscription). He added that staff believes it would be best to address the Master Subscription apart from the Fire contract, if the Council wants to do that at all. He stated that one option would be for the Town to continue operating the way they currently operate and continue to pay for this program. He said that the monies would have to be added back into the budget. He also discussed a second option and said that although they are doing a Master Subscription, there are Individual Subscriptions as well that Rural Metro would promote, market and make available to the Town's citizens at a current cost of \$66 per year. He noted that this would accomplish the same thing as the Master Subscription but would be done on an individual basis and that this represents a relatively inexpensive supplemental Subscription. He explained that the \$66 is based on the numerical experience of the ambulance portion of Rural Metro, Southwest Ambulance. He said that this option would release the Town from its obligation to pay directly as the citizens would do that themselves. Mr. Davis reported that the other idea that was developed at the time was to simply prohibit or not make available the Master Subscription to non-emergency transports. He stated that this does not mean that non-emergencies would not be transported, because Rural Metro has advised that if someone requests a transport they get a transport, but that Rural Metro would determine whether the situation is an emergency or not. He said that in speaking with representatives from Rural Metro, they are not talking about a large number – there are not many cases where people say they want to go to the hospital in an ambulance when it is not an emergency.

Mr. Davis stated the opinion that the Council should consider, based on the return on investment received to date, the discontinuance of a Master Subscription and focus more on an Individual Subscription as explained

above. He said that that would be his recommendation but he has presented a variety of options for the Council to consider and ultimately decide upon.

Mayor Schlum thanked Mr. Davis for his presentation and urged the members of the Council to pose questions at this time.

Councilmember Dickey clarified that even if the Council doesn't do it, it won't change what happens if somebody needs an ambulance. She said that even if they had 190 calls this year and they were all from separate individuals (and sometimes they are not), the Council is trying to weigh 190 individuals and the \$50,000 current annual cost to the Town. She stressed the importance of determining whether the Town is receiving adequate value for the \$50,000 (value for the number of people who take advantage of this program). She said they also have to determine whether the \$66 would be a real hardship for them. She added that there would have to be a lot of public education put into place regarding the Individual Subscriptions and the \$66 cost.

The Mayor thanked Councilmember Dickey for her input and said that is a good question to get affirmed – whether this would change how the ambulance service works as far as picking up and transporting patients and whether there would be different guidelines that would be at the discretion of Rural Metro.

Mayor Schlum stated that if they were to go with a non-Master Subscription and someone were to be transported and provided service on the way to the hospital and they have insurance today it would not work any differently.

Mr. Davis confirmed that what the Mayor just stated is true.

Mr. Davis added that there would not be any impact to the level of service regarding who would be transported or how payment would be made except that the supplemental part of it would be done on an individual basis instead of a Master Subscription.

Vice Mayor Archambault said that he would like to provide some history as to how the Subscription service for the ambulance service came about. He stated that he would first like the members to understand that Rural Metro has a Certificate of Need for Fountain Hills and all of Maricopa County and so in the areas where they actually provide ambulance services they are required to do so. He noted that they are not talking about ambulance service; they are only talking about the fee or the cost of the transport. He explained that when the Fire District was in place and everybody had it on their property tax rolls, they thought that it would be a good idea at the time to go ahead and cover all of the Fountain Hills residents with the Subscription service. He noted that Rural Metro was approached at the time and asked what it would cost to implement this service and he doesn't remember what the original cost was but it increased every year. He added that the Fire District just felt that since it was on the property tax and they were collecting the fees from the residents, they might as well just pay it as a big Master Subscription. He emphasized that they are not doing that now – it is not a property tax anymore, that has been taken off of the tax rolls and they are paying it out of the Town's coffers on the sales tax revenue and the State shared revenue that they receive.

The Vice Mayor stated that the real question for him is whether they want to continue the Master Subscription service, which they inherited, or do they now want to let it go before the individual homeowners and let them decide whether they want to subscribe at a cost of \$66 a year. He said that he looked into it for himself and his would be like a co-pay (if he took an ambulance ride down to a hospital, it would be a \$30 co-pay). He also noted that the change to the residents would be that those without insurance would be paying a bill if they do not sign up for an Individual Subscription.

Mr. Davis clarified that those residents would be responsible for paying the difference between the ambulance bill and what their coverage is.

Councilmember Hansen advised that in reading the correspondence it referred to emergency and non-emergency and she realizes that some emergencies are very obvious but she wants to know who would make the determination between emergency and non-emergency and what that might mean.

Mr. Davis reported that representatives from Rural Metro told him that if the ambulance goes to the emergency room it is an emergency and apparently there are some cases when the ambulance might not go to the emergency room. He asked Chief Scott LaGreca for input in this area.

Chief LaGreca informed the Council said that the answer is yes and no. If the Fire Department gets a 911 call and they go into someone's house that is considered an emergency. He added that whether they transport the victim Code 3 to the hospital (lights and sirens) or Code 2 (no lights and sirens) it is still an emergency (whether the patient receives basic life support services or advanced life support services). He explained that that is what sets the fee for the bill; the kind of service that the patients receive. He said that the Captain and Firefighters on the responding engine decide at the point of entry whether or not the situation is an emergency and they confirm that finding with the Emergency Room staff. He stated that what they are really talking about is called "GT" or General Transport and said that those are not emergencies and do not go to emergency rooms. He added that they might go to doctor's offices/specialist's office and they might even wind up going to the emergency room because they are going to go to the cath lab. He stated that the Department sees that at the senior citizens' home where people have to go and so they call Rural Metro or another private transport service in the Valley and set up an appointment for a car to take them. He emphasized that the ambulances do not transport patients to doctor visits; that is a separate function altogether.

Councilmember Dickey asked whether the rates would be the same whether it was for an emergency or a scheduled transfer and the Chief replied that the rates are set by the type of service received. He said that there are a lot of levels of service that could impact the cost.

Additional discussion ensued relative to General Transports and associated costs; the fact that scheduled transports (taxi service) are an entirely different area but is a service provided by Rural Metro; the fact that individuals who request that particular service pay the associated costs (insurance, Medicare/Medicaid, etc.); and helicopter airlifts.

Councilmember Leger noted that Mr. Davis previously discussed the \$50,000 Subscription rate and the fact that one of the proposed options is the Individual Subscription at a cost of \$66 per resident and another was to have people be responsible for non-emergency transport. He said that if they went with the non-emergency transport scenario, he would like to know how much that would reduce the \$50,000 figure by. He asked whether Rural Metro would provide the Town a reduced rate.

Mr. Davis replied that one of the numbers he requested from Rural Metro (but has not yet been provided with) was the ratio between emergency and non-emergency calls. He said that they have told him that the non-emergencies represent a very small number. He reported that Option 3 would probably make a negligible difference as far as cost.

Councilmember Contino discussed the winter visitors and when they leave, reducing the Town's population by approximately 30%, and said that if that is weighed in as far as the \$50,000 and take into account the number of people in Town who are on Medicare, he does not believe it would really be feasible for them to do the package and the \$66 per person would be a lot less expensive. He asked whether there is a winter Subscription option available and Mr. Davis said that that is a question for Rural Metro.

Mr. Davis expressed the opinion that the \$66 option represents an affordable option and added that Rural Metro has advised him that this Subscription travels with the Fountain Hills residents so if they are involved in incidents even outside of Town they will still be covered.

Councilmember Contino asked whether the School still sells insurance to its students and whether it includes ambulance coverage and the Chief said not to his knowledge.

Mayor Schlum asked Mr. Davis if he needed anything else from the Council and Mr. Davis replied that staff's intention is to follow up with the recommendation he articulated earlier in the meeting and added that at this point the Council should remain aware of the fact that the budget does not contain funding for a Master Subscription.

Councilmember Leger questioned when the decision would be made and Mr. Davis advised that the current contract runs through the Fiscal Year. He stated that no decision is being made this evening but at this point staff feels comfortable leaving the Master Subscription cost out of the budget and if it remains that way, their intention would be to work with Rural Metro to make sure that this program is marketed and promoted to the residents of the Town. He added that he would anticipate that starting the first week in June and confirmed that the new budget begins on July 1st.

Councilmember Leger expressed concern that 30 days in which to educate the public on this new process might not be sufficient. He added that they are not making a decision at this time but perhaps they should be because if they are heading in this particular direction they need to begin educating the public.

Mr. Davis advised that he could certainly begin the process right now.

Councilmember Dickey concurred and said that they are conducting a Work Study Session this evening and one on the 28th and they are doing Rural Metro on May 7th. She added that perhaps this is one of the things they could talk about and agreed that the proposal must be made very public.

Councilmember Leger said that he is confident that there is a good process in place; he just wants to be sure that the citizens are made well aware of this issue. He added that this will have some serious implications for a lot of people (those who might not have insurance and fail to pick up Individual Subscriptions).

Mayor Schlum advised that the idea is to give people enough time to understand the process and opt to subscribe.

Chief LaGreca agreed with the importance of educating the public and said that a lot of misconceptions exist regarding these issues.

Mayor Schlum, addressing Town Attorney Andrew McGuire, commented on the fact that the Council is in effect "carving out" a piece of a new agreement and asked if he had any concerns regarding this (giving staff direction as to the Council's intent so they can proceed with the education process).

Mr. McGuire responded that the agreement as it will come back before the Council on the 7th begins on the 1st of July so the "gap period" is still covered by the old agreement. He said it was staff's intent that approving that agreement without a Master Subscription in it, without any other direction from Council to come back with a separate Master Subscription service, was the Council's stated intent (not to go forward with that additional agreement. He added that if staff does not get feedback that the Council wants to see that on an agenda (a separate agreement) that will be the indication to staff on the 7th that it is time to start doing the public education piece.

Councilmember Leger said that he is hearing that they do not need to agendaize the Subscription and then say "No" – they don't have to formally vote it down. He added that it sounds as though they are able to move forward by default and Mr. McGuire concurred with his assessment.

Mayor Schlum thanked Councilmember Leger for bringing that point up.

AGENDA ITEM #3 – PRESENTATION OF DRAFT BUDGET OF ALL FUNDS OF THE TOWN OF FOUNTAIN HILLS FOR FISCAL YEAR 2009-10.

Deputy Town Manager Julie Ghetti addressed the Council relative to this agenda item and said that what staff will be presenting is a slight departure from previous years when the Council received the budget and a presentation at the same time. She stated that tonight is an opportunity for staff to present a preview of what is going to be in the budget. She said she knows that no one has received the budget document yet and advised that it will be distributed next week and placed on the Town's website as well. She stated that this is an opportunity for the Council to ask questions.

Ms. Ghetti discussed the new budget process and reported that this is the first time that they have actually formed a Budget Committee and acknowledged the members of the Committee for their time and effort. The members consisted of Rick Davis, Mayor Schlum, Joan McIntosh, Mary Martin, Shaunna Williams and Ms. Ghetti. She also thanked the Department Directors for their input and assistance.

Ms. Ghetti referred to a slide in her PowerPoint presentation (a complete copy is on file in the office of the Town Clerk) that outlined all of the funds that the Town has, 24 separate funds, and anticipated revenues for next Fiscal Year, approximately \$32.4 million. Ms. Ghetti reported that the Town receives \$7.6 million in Shared revenues and has local revenues in the amount of \$8.8 million (primarily the local sales tax and other fees and charges for service). Ms. Ghetti stated that the Town is anticipating some one-time revenue this year and one is bond proceeds (\$4.5 million) that would pay for major construction on Saguaro Boulevard if the Council decides to move forward and the voters approve the item. Staff is also budgeting approximately \$2.5 million of Stimulus Funds, grant funds in the amount of \$2.6 million, debt service and capital projects, which totals the \$32.4 million previously referenced.

Ms. Ghetti discussed expenditures for all of the funds and noted that the General Fund, the Town's operating fund, is \$14.5 million and makes up 45% of total expenditures. She added that the capital projects (\$9.8 million) represents 40% of the total expenditures (capital projects funded by grants, stimulus and/or bond proceeds). The General Fund is the only fund not restricted for use. Expenditures for all funds equal \$32.4 million, but each fund should stand on its own.

Ms. Ghetti and Ms. Martin provided the Council with a variety of data including the following and they and staff responded to a series of questions/requests for clarification from the Council: information relative to all of the Town's major funds, revenues and expenditures; new initiatives and the fact that financial policies have been amended to reclassify a portion of the General Fund balance to a "Rainy Day" fund; the fact that the "Rainy Day" fund will be programmed into the FY09-10 budget to be used in the event of a revenue emergency (i.e. legislative appropriation of State shared revenues, etc.); the fact that voters will be asked to approve revenue bonds for major road improvements; a "Consolidated Fee Schedule" that will be adopted and included in the budget and on the website; new fees that are being proposed, but not programmed into FY10 budget, including a franchise fee on utilities, an increase in telecommunications sales tax, liquor license application fees, revised development fees, and leasing space in Town Hall; FY2009-10 proposed revenues and expenditures and FY09-10 capital revenues and expenditures; FY09-10 debt service revenues and expenditures; operating budget highlights that included information relative to sources of funds – General Fund and where the money comes from; uses of the funds – General Fund and where the money goes; State shared revenue; the General Fund operating budget and both sustained and reduced levels of service; the Highway User Revenue Operating Fund (HURF) that must be used solely for street and highway purposes; HURF Fund operating budget, both sustained and reduced levels of service; Excise Tax revenue operating fund (economic development); capital budget highlights including projects, a description of the projects and FY2009-10 costs; debt service budget highlights/schedule and a tax levy for the bonds.

Ms. Ghetti discussed "where they go from here" and noted that additional public outreach will take place with a Work Study Session on April 28th and an Open House on May 6th. She noted that the Council will adopt the tentative budget as the final budget on May 21st with both staff and Council's proposed changes. She added that

the Council will adopt the final budget on June 4th to allow enough time to approve the tax levy on June 18th. She explained that State law requires a period of at least fourteen days between adoption of the final budget and adoption of the tax levy.

In summary, Ms. Ghetti informed the Council:

- All funds are balanced
- There will be no increases in staff, merit, cost of living or salaries
- Council and strategic goals framed the proposed budget
- There will be increased reliance on outside funding sources for capital projects
- Service level cuts were made that affect maintenance of infrastructure but should have minimal short-term impact on residents.

Ms. Ghetti thanked the Council for the opportunity to address them relative to the draft budget and provided further clarifications and data. She reiterated that the Council will have the opportunity to obtain additional input both from citizens and staff and participate in additional discussion prior to the adoption of the tentative budget and indicated her willingness to respond to questions.

Mayor Schlum and members of the Council thanked Ms. Ghetti, the members of the Budget Committee and staff for being innovative and for the comprehensive overview and said that they look forward to receiving the actual budget. The Mayor commended both Ms. Ghetti and her staff on their efforts.

In response to comments from Councilmember Dickey, Mr. Davis agreed that they need to also discuss and consider at a future meeting a storm water utility.

AGENDA ITEM #4 - ADJOURNMENT

Vice Mayor Archambault **MOVED** to adjourn the meeting and Councilmember Dickey **SECONDED** the motion, which **CARRIED UNANIMOUSLY** (6-0). The meeting adjourned at 6:50 p.m.

TOWN OF FOUNTAIN HILLS

By _____
Jay T. Schlum, Mayor

ATTEST AND
PREPARED BY:

Shaunna Williams, Recording Secretary

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Work Study Session held by the Town Council of Fountain Hills on the 14th day of April 2009. I further certify that the meeting was duly called and that a quorum was present.

DATED this 7th day of May, 2009.

Shaunna Williams, Recording Secretary for
Janice Baxter, Acting Town Clerk